Commonwealth of Virginia

The Commonwealth of Virginia could be a model for other state governments with its unprecedented statewide implementation of total cost of ownership assessments.

Issues

Realizing the criticality of IT efficiency and effectiveness to a state, the Commonwealth of Virginia created the Seat Management Section (SMS) of the Electronic Government Implementation Division in the Department of Technology Planning to address seat management services and total cost of ownership (TCO) evaluations. As part of its responsibilities, SMS was tasked with developing and recommending guidelines for TCO evaluations. In addition, SMS was to aid in the implementation of such assessments.

Objectives

The goals included providing state agencies and institutions of higher education with consistent and reliable information to:

- Understand the current and future costs and resources required to buy, maintain and support distributed computing environments

- Generate informed decisions concerning proper levels of IT staffing, network support, end-user training and IS training required to maximize business user productivity

- Evaluate viable alternatives to maximize the investment in distributed computing by continually improving costs, technology, organization, processes and customer satisfaction

- Develop appropriate plans and budgets to implement selected alternatives

- Establish a set of base metrics to evaluate the effectiveness of implementation of seat management services

- Identify enterprise-level problems, issues or opportunities related to desktop computing

* DCE = Distributed Computing Environment

Gartner Services:
- Distributed computing TCO measurement consulting
- TCO Manager® (DCE*)

Industry: State government

Geography: Virginia, USA

Source: Chuck Tyger,
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Benefits Summary

Virginia's TCO program provides:

- A standard methodology and terminology

- Information needed to build a business case at the agency and enterprise levels with consistent, credible and defensible numbers

- Documentation of each entity's actual TCO

- Identification of areas of weakness and opportunities for improvement

- Determination of areas that offer the greatest return on investment from additional investment in technology, staff or training

- TCO baseline metrics at the enterprise and agency levels that will be used to measure the results of future IT investments

Background

The state government of the Commonwealth of Virginia consists of more than 100 agencies and 16 institutions of higher education in the executive, legislative and judicial branches, with approximately 100,000 employees and an estimated 60,000 to 80,000 end users with access to distributed computing environments. The estimated annual TCO is $469 million to $626 million.

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Results and Benefits

SMS recognized the need to utilize a comprehensive TCO model that focused on the business units of state government and how well IT supported those business units. Virginia also needed a common methodology with defined processes that provided quality assurance for data-collection efforts and evaluation results across agencies and educational institutions within the Commonwealth. It was essential that the data be collected in such a manner that strategic and tactical decisions could be made with confidence at the overall enterprise level as well as at the agency/institutional level based on consistent and appropriate data. Prior to this effort, only disparate attempts at the agency level had occurred to determine the cost to acquire, maintain and support distributed computing.

Furthermore, it was crucial to have a TCO modeling tool that could be used to identify opportunities for improvement and depict potential approaches or "what-if" scenarios. Data collected using an industry recognized TCO model provides an objective evaluation that can be used as the basis for budgetary, strategic and tactical justifications. In addition, the TCO data collected enables the establishment of an enterprisewide and agency baseline for year-to-year internal comparisons. Being armed with objective data facilitates defending an approach or justifying a budget.

Other benefits include documenting the actual TCO; identifying areas of strength, weakness and opportunities for improvement; determining areas that would offer the greatest return on investment from additional investment in technology, staff or training; and building a business case at the agency and enterprise levels with consistent, credible and defensible numbers.

SMS developed models for performing TCO evaluations for small agencies and medium/large agencies based on the TCO Manager® DCE software. These models contain enterprise-level assumptions and standards as well as a comprehensive set of data collection work sheets to ensure the consistency and reliability of the data collected across organizations. The small agency model covers organizations with 100 or fewer employees and is based on SMS performing the TCO evaluation. The medium/large model addresses organizations with more than 100 employees, including institutions of higher education, and is based on SMS or a vendor providing quality assurance and assistance in performing a TCO evaluation.

TCO evaluations have been performed by a variety of organizations including state agencies, SMS, vendors under contract for TCO analyses and Gartner. These evaluations include agencies and institutions of higher education that range in size from fewer than 10 staff members to almost 1,000 employees.

Results from the first 31 evaluations compiled in the Commonwealth's baseline database reflect an average TCO per end user of $7,768. When one large agency with a TCO of $4,554 is removed from this average, the TCO per end user of $8,904 compares with the Gartner Measurement database average, with the exception of a lower end-user operations cost. The Commonwealth's average TCO per end user based on organization size is: small = $8,455, medium = $9,532 and large = $4,878. The distribution of the costs across the five major cost categories is almost identical to the Gartner Measurement database averages. Such knowledge becomes invaluable when seeking validation for the Commonwealth's TCO initiative.

SMS wants to ensure that it has the latest tools, that its models are kept current with the evolving technology and that TCO-related research and metrics are available to all of the Commonwealth's entities. SMS is researching the feasibility of forming an alliance partnership with Gartner as a means to help meet its goals.

Ultimately, as stated by Len Bergstrom, Gartner Measurement senior vice president, "If you don't measure IT, you can't manage IT." **Commonwealth of Virginia is a prime example of measuring to manage.**

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